

UNITED STATES OF AMERICA  
UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

- - -  
HONORABLE VIRGINIA A. PHILLIPS  
UNITED STATES CHIEF DISTRICT JUDGE PRESIDING  
- - -

UNITED STATES OF AMERICA, )  
 )  
 PLAINTIFF, )  
 )  
 VS. ) CASE NO.:  
 ) CR 13-183-VAP  
 TODD MICHAEL FICETO, )  
 )  
 DEFENDANT. )  
 )  
 \_\_\_\_\_ )

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
(P.M. SESSION)

THURSDAY, JUNE 14, 2019

LOS ANGELES, CALIFORNIA

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1 A. So, uh, micro cap stocks are very, very small companies  
2 that have fewer resources, uh, a less proven business plan,  
3 um, and they're just generally more speculative, higher risk  
4 type investments than small cap which are more established  
5 companies.

6 Q. And at Sciens were you looking to invest in  
7 micro cap/penny stocks?

8 A. That was not our intention.

9 Q. Were you aware that the Absolute Funds were invested in  
10 penny stocks?

11 A. No.

12 Q. And would it have impacted your decision to invest in  
13 the Absolute Funds had you known that?

14 A. Yes.

15 Q. Would you have invested in the Absolute Funds had you  
16 known that?

17 A. No.

18 Q. Why not?

19 A. Because as I mentioned, uh, micro cap stocks are  
20 speculative and highly risky, and then in order of magnitude,  
21 greater in risk than typical stocks. And that was not the  
22 type of risk profile that we were looking to obtain at the  
23 time. Um, again, it was just too -- too speculative.

24 Q. When you say order of magnitude, what does that mean to  
25 you?

